

Message Text

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PAGE 01 BREMEN 00287 201926Z

71

ACTION IO-14

INFO OCT-01 EUR-25 ADP-00 OMB-01 TAR-02 AGR-20 AID-20

CIAE-00 COME-00 EB-11 INR-10 LAB-06 NSAE-00 OIC-04

RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02 L-03

PA-03 USIA-15 PRS-01 AF-10 ARA-16 EA-11 NEA-10 RSR-01

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R 201600Z JUL 73

FM AMCONSUL BREMEN

TO SECSTATE WASHDC 1178

INFO AMEMBASSY BONN

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AMEMBASSY ROME

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ROME FOR FODAG

E.O. 16652: GDS

TAGS:1, ETRDW, FAO, UNCTAD

SUBJ: FIFTH SESSION OF INTERGOVERNMENTAL GROUP ON BANANAS

REF: BREMEN 0278

1. SUMMARY. AFTER SOME PROCEDURAL JOCKEYING IGB APPROVED TEXT FOR INCLUSION IN GROUP'S REPORT ON AGENDA ITEM RELATING TO FEASIBILITY OF INTERNATIONAL ARRANGEMENTS. TEXT, WHICH REPRESENTS IMPORTERS' REWORKING OF DRAFT DECLARATION SUBMITTED BY SUB-GROUP OF EXPORTERS, STATES GROUP AGREED THAT MARKET ACCESS SHOULD BE IMPROVED IN ACCORDANCE WITH CANARY ISLANDS CONSENSUS, THAT EXPORTERS SHOULD UNDERTAKE TO ADJUST PRODUCTION TO MARKDT REQUIREMENTS AND TO SUBMIT PROPOSALS TO FULL GROUP IN THAT CONNECTION, THAT BANANA CONSUMPTION SHOULD BE PROMTTED, THAT

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PAGE 02 BREMEN 00287 201926Z

MEMBER GOVERNMENTS OF FAO SHOULD COOPERATE IN ANY INTENSIVE

CONSULTATIONS WHICH MAY TAKE PLACE ON BANANAS. ALTHOUGH TEXT REFLECTS THAT EXPORTING COUNTRIES HAVE FOR FIRST TIME ACCEPTED PRINCIPLE OF PRODUCTION REGULATION, SUBSTANTIAL DIVISIONS AMONG EXPORTERS WILL MAKE ANY FUTURE AGREEMENT ON SPECIFIC PRODUCTION LEVELS DIFFICULT. END SUMMARY.

2. AT OUTSET OF DEBATE ON FEASIBILITY OF INTERNATIONAL ARRANGEMENTS SUB-GROUP OF EXPORTERS INTRODUCED ITS REPORT WHICH AMOUNTED TO DRAFT DECLARATION. AFTER SOME CONFUSION ON PART OF EXPORTERS AS TO WHAT THEY WISHED FULL GROUP TO DO WITH THEIR REPORT, IVORY COAST SUGGESTED IT SHOULD SERVE AS BASIS OF AGREED STATEMENT OF PRINCIPLE. WITH EXCEPTION OF ITALY, WHICH BRANDED REPORT AS ACCUSATION AGAINST IMPORTERS, IMPORTING COUNTRY DELEGATIONS ASSOCIATED THEMSELVES WITH MANY OBJECTIVES SET FORTH IN SUB-GROUP'S REPORT, INDICATING, HOWEVER, THEY WOULD WISH TO PROPOSE CERTAIN CHANGES AFTER OPPORTUNITY TO REFLECT FURTHER. AT SUGGESTION OF U.S., SUB-GROUP REPORT REFERRED TO WORKING GROUP FOR CONSIDERATION OF IMPORTING COUNTRY COMMENTS.

3. IN MEETING PRIOR TO SESSION OF WORKING GROUP, IMPORTERS DETERMINED THAT BEST APPROACH WOULD BE TO TRANSFORM SUB-GROUP REPORT FROM DECLARATION INTO SUMMARY OF DISCUSSION WHICH COULD BE INCLUDED IN FULL GROUP'S REPORT. IN THIS WAY IMPORTERS HOPED TO ELIMINATE EXPORTERS' CHARACTERIZATION OF BANANA PROBLEMS, WHICH OBJECTIONABLE TO CERTAIN DELEGATIONS, INCLUDING UK AND US. REVISION ALONG THESE LINES ALSO REGARDED AS CONFORMING BETTER TO PRACTICES OF FAO INTERGOVERNMENTAL GROUP. FOLLOWING IMPASSIONED APPEAL FROM GROUP CHAIRMAN (PIRKMAYR) IMPORTERS AGREED TO MAKE MINIMAL CHANGES IN REMAINDER OF EXPORTERS PROPOSED STATEMENT.

4. IMPORTERS' REVISED TEXT RECEIVED GENERAL SUPPORT OF EXPORTING MEMBERS OF WORKING GROUP. WITH MINOR WORD CHANGES REVISED TEXT SUBMITTED TO FULL IGB WHERE IT ENCOUNTERED NO OBSTACLES. AS FINALLY ADOPTED, THAT TEXT IS AS FOLLOWS:

BEGIN TEXT. AFTER A COMPREHENSIVE DISCUSSION OF THE PROBLEMS AND IMPLICATIONS OF THE VARIOUS VIEW POINTS, THE INTERGOVERNMENTAL GROUP AGREED ON THE FOLLOWING:

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PAGE 03 BREMEN 00287 201926Z

(I) THAT MARKET ACCESS SHOULD BE IMPROVED BY GRADUAL ELIMINATION OF THOSE TARIFFS AND QUANTITATIVE RESTRICTIONS ON IMPORTS OF BANANAS AND INTERNAL TAXES WHICH RESTRAIN CONSUMPTION, PROVIDED SUCH MEASURES ARE EXECUTED IN ACCORDANCE WITH THE PRINCIPLES SET OUT IN THE CANARY ISLANDS CONSENSUS, "TAKING FULLY INTO ACCOUNT THE SPECIAL POSITION OF CERTAIN LESS DEVELOPED BANANA EXPORTING COUNTRIES AND PROVIDED THAT THESE MEASURES DID NOT ENTAIL THE RISK OF JEOPARDIZING THE POSITION OF CERTAIN PRODUCING COUNTRIES";

(II) THAT EXPORTING COUNTRIES SHOULD UNDERTAKE ALL THE NECESSARY EFFORTS WITH ONE AIM OF ADJUSTING THEIR PRODUCTION PROGRAMMES TO MARKET REQUIREMENTS, IN PARTICULAR AS REGARDS QUANTITY AND QUALITY, WITH A VIEW TO OBTAINING PRICES WHICH ARE REMUNERATIVE TO PRODUCERS AND FAIR TO CONSUMERS AND TO REDUCING EXCESSIVE PRICE FLUCTUATIONS SO AS TO IMPROVE THE INCOME OF PRODUCING COUNTRIES;

(III) THAT EFFORTS SHOULD BE MADE TO PROMOTE CONSUMPTION WHERE FURTHER POTENTIAL EXISTS AND ESPECIALLY IN THOSE COUNTRIES WITH CENTRALLY PLANNED ECONOMIES;

(IV) THAT, AS SOON AS PRACTICABLE, THE SUB-GROUP OF EXPORTERS SHOULD CONSIDER WAYS AND MEANS TO IMPLEMENT THE OBJECTIVES SET OUT IN PARAGRAPH (II) ABOVE AND TO SUBMIT PROPOSALS TO THE GROUP ACCORDINGLY;

(V) THAT MEMBER GOVERNMENTS SHOULD COOPERATE IN INTENSIVE CONSULTATIONS ON BANANAS WHICH MAY TAKE PLACE ON THE BASIS OF RESOLUTION

83 (III) OF THE THIRD UNCTAD CONFERENCE AND OF RESOLUTION 7 (VII) OF THE SEVENTH SPECIAL SESSION OF THE COMMITTEE ON COMMODITIES.
END TEXT.

5. COMMENT.

A. POINT ON PRODUCTION CONTROL (PARA 4, NUMBER II) WAS SUBJECT OF LONG, SOMETIMES HEATED DEBATE IN SUB-GROUP OF EXPORTERS. AGREEMENT WAS ENGINEERED BY COSTA RICA (INDEPENDENT PRODUCER GUARDIAN) WITH SUPPORT OF ECUADOR AND PREFERENTIAL SUPPLIERS. OTHER LATIN PRODUCERS, NOTABLY HONDURAS AND COLOMBIA, REPORTEDLY OPPOSED INCLUSION OF ANY REFERENCE TO PRODUCTION BUT LATER ABANDONED THEIR LIMITED OFFICIAL USE

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PAGE 04 BREMEN 00287 201926Z

OPPOSITION IN NAME OF PRODUCER UNITY. NEITHER SUPPORTERS NOR OPPONENTS OF PRODUCTION CONTROL APPEAR TO BELIEVE, HOWEVER, THAT ADOPTION OF SPECIFIC PRODUCTION CEILINGS IS LIKELY IN NEAR FUTURE.

B. SESSION AS WHOLE RATHER FREE FROM INVECTIVE AGAINST U.S. MULTINATIONAL FIRMS. EXPORTERS MADE NO EFFORT TO RETAIN IN TEXT OF FULL GROUP'S REPORT CRITICAL ALLUSIONS TO MULTINATIONALS CONTAINED IN SUB-GROUP REPORT. CALL BY WINDWARD ISLANDS FOR STUDY OF MULTINATIONALS OPERATIONS (WHICH UNDERSTOOD TO HAVE BEEN MADE AS PART OF QUID PRO QUO WITH ECUADOR) ALMOST IMMEDIATELY WITHDRAWN AND APOLOGY TENDERED TO U.S. DEL. SULLIVAN

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